

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	Chapter 11
)	
WHEREHOUSE,)	Case No. 03-10224 (PJW)
ENTERTAINMENT, INC., et al., ¹)	
)	
Debtors.)	

Objection Deadline: April 10, 2003 at 4:00 p.m.
Hearing Date: April 15, 2003 at 9:30 a.m. only if objections are timely filed

**APPLICATION OF THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS FOR AN ORDER AUTHORIZING THE
RETENTION AND EMPLOYMENT OF ERNST & YOUNG CORPORATE
FINANCE LLC AS FINANCIAL ADVISORS PURSUANT TO SECTION 1103
OF THE BANKRUPTCY CODE, NUNC PRO TUNC TO FEBRUARY 17, 2003**

The Official Committee of Unsecured Creditors (the "Committee") appointed in the bankruptcy cases of the above-captioned debtors and debtors in possession (the "Debtors"), hereby submits this application (the "Application") to retain and employ Ernst & Young Corporate Finance LLC ("EYCF") as financial advisors to the Committee *nunc pro tunc* to February 17, 2003. This Application is brought pursuant to section 1103 of Title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code"). In support of the Application, the Committee respectfully represents as follow:

Jurisdiction

1. The Court has jurisdiction over this Application pursuant to 28 U.S.C.

§§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A).

¹ The Debtors are the following entities: Wherehouse Entertainment, Inc., Wherehouse Holding I Co., Inc., Wherehouse Holding II Co., Inc., Wherehouse Subsidiary I Co., Inc., Wherehouse Subsidiary II Co., Inc., Wherehouse Subsidiary III Co., Inc. and Wherehouse.com, Inc.

2. Venue of this proceeding and this Application is proper in this District pursuant to 28 U.S.C. § 1408 and 1409.

3. Section 1103 of the Bankruptcy Code provides the statutory predicate for the relief sought herein.

Background

4. On January 21, 2003 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

5. The Debtors are retailers of prerecorded music and other entertainment products.

6. The Debtors' cases have been consolidated for procedural purposes only and are being jointly administered pursuant to an order of the Court.

7. The Debtors continue to operate their businesses and manage their properties pursuant to sections 1107(a) and 1108 of the Bankruptcy Code as debtors and debtors in possession.

8. On February 5, 2003, the Office of the United States Trustee (the "Trustee"), appointed the Committee. The Committee's members are: Twentieth Century Fox Home Entertainment, Inc.; Electro Source, LLC; DCA Advertising, Inc., dba Colby & Partners; Columbia Tri-Star Home Entertainment; Simon Property Group, LP; Koch Entertainment Distribution LLC; and MGM Home Entertainment, Inc. The co-chairs of the Committee are UnJu Paik, from Twentieth Century Fox Home Entertainment, Inc. and William J. Loebbaka, from Electro Source, LLC.

9. On February 17, 2003, the Committee resolved to retain EYCF as its financial advisors, commencing immediately.

Relief Requested

10. By this Application, the Committee seeks to employ and retain the EYCF *nunc pro tunc* to February 17, 2003, in connection with the prosecution of the Debtors' chapter 11 bankruptcy cases and for the performance of financial advisory services as more fully set forth in the Affidavit and Disclosure Statement of Ernst & Young Corporate Finance LLC in Support of Application of the Official Committee of Unsecured Creditors for an Order Authorizing the Retention and Employment of Ernst & Young Corporate Finance LLC as Financial Advisors Pursuant to Section 1103 of the Bankruptcy Code, Nunc Pro Tunc February 17, 2003 (the "Affidavit"), filed simultaneously herewith.

11. The Committee understands that the EYCF will seek compensation from the Debtors' bankruptcy estates and reimbursement of expenses incurred on the Committee's behalf, subject to prior Court approval after notice and hearing, pursuant to the terms and conditions set forth in the Affidavit.

12. The Committee seeks to retain EYCF as its financial advisors because of EYCF's extensive experience and knowledge in the restructuring field and under chapter 11 of the Bankruptcy Code.

13. Except as otherwise set forth in the Affidavit, insofar as EYCF has been able to ascertain, EYCF does not represent any interest adverse to the Debtors, their estates, their creditors and the Committee, in the matters upon which EYCF is to be engaged. EYCF is a

“disinterested person,” as the Committee understands this term to be defined, within the meaning of sections 101(14) and 101(31), as modified by section 1103(b), of the Bankruptcy Code.

14. To the best of the Committee’s knowledge, and except as disclosed in the annexed Affidavit, EYCF has no prior connection with the Debtors, their creditors or any other party-in-interest, or their respective attorneys or accountants in the matters upon which EYCF is to be engaged that would in any way disqualify it from representing the Committee.

15. EYCF has indicated a willingness to act as financial advisors on the Committee’s behalf, in accordance with the terms of this Application.

16. The Committee desires to employ EYCF because of the extensive financial advisorsy services that will be required in these cases and because the Committee believes that EYCF is well qualified to act as financial advisors on the Committee’s behalf.

17. Since the Committee retained the services of EYCF beginning February 17, 2003, the Committee requests that any order entered authorizing such retention be effective as of February 17, 2003.

Notice

18. Notice of the Application and the requested relief has been provided to (i) the Office of the United States Trustee, (ii) Congress Financial Corporation, and (iii) any party entering an appearance in these cases pursuant to Bankruptcy Rule 2002. The Committee believes that such notice of the Application is appropriate and sufficient.

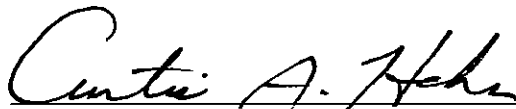
WHEREFORE, the Committee requests entry of an Order, substantially in the form attached hereto, authorizing the Committee to employ and retain EYCF as financial advisors to the Committee *nunc pro tunc* to February 17, 2003, and granting such other and further relief as is just and proper.

Dated: March 28, 2003

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